

05 January 2005



Iraq Weekly Status Report

UNCLASSIFIED



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Highlights

2.0 Ensure Legitimate Elections

- Iraqi Islamic Party announced on December 27 that it would withdraw from elections.
- Over 7,000 candidates representing 111 different political entities in the January national elections.
- on 107 different lists in the January national elections.
- 650,000 new voters were added during voter registration; now the register contains 14,550,000 eligible voters.
- Fourteen countries have agreed to Out of Country voting for resident Iraqis.
- Six countries have committed to send monitors into Iraq.

3.0 Create Jobs and Provide Essential Services

- There was nearly a 40% shortage of rice in December's distribution. U.S. Government officials anticipate sufficient rice stocks and procurements for January distribution.
- The Ministry of Trade reports that shortages of rice in December will be repaid retroactively in January. This will be dependent upon January stocks and delivery capabilities.
- The Embassy has plans for using \$457 million from the IRRF in high-impact projects to address the near-term needs in the electrical sector and deliver essential services programs to the populations of key post-battle cities.



Highlights

4.0 Establish Foundations for a Strong Economy

- The World Bank announced Iraq has cleared all overdue service payments to the International Bank for Reconstruction and Development. Consequently, the country's eligibility for new operations has been reinstated.

5.0 Establish Good Governance, Rule of Law

- Two hundred residents returned to the commercial district of Fallujah. Re-entry of civilians from other districts is scheduled to occur in several stages over the next few weeks.

6.0 Maintain International Engagement and Support

- According to Japanese press reports, Japan is preparing to provide Iraq with yen loans, after the Paris Club agreement to write off 80% of Iraq's debt.
- Neighbors Conference in Jordan begins Jan. 6; topics to include support for elections, as well as election timing and participation.
- 140 IECI senior trainers are being trained in Amman on polling day operations.



[1.0] Neutralize the Insurgents – Iraqi Security Forces Update

<u>Iraqi Security Forces</u>	<u>Trained/On Hand</u>	<u>Required</u>
Police	53,135	135,000
Civil Intervention Force	1,091	4,920
Emergency Response Unit	205	270
Border Enforcement	14,786	28,360
Highway Patrol	1327	6,300
Bureau of Dignitary Protection	484	500
Army	4,414	27,000
National Guard	40,063	61,904
Intervention Force	5,246	6,584
Special Operations Force	674	1,967
Air Force	104	502
<u>Coastal Defense Force</u>	<u>508</u>	<u>582</u>
Total	*121,737	273,889

* The military forces continue to receive advanced unit training.



[2.0] Ensure Legitimate Elections – **Developments**

Election Planning continues:

- Over 7,000 candidates representing 111 different political entities in the January national elections.
- 9,000 candidates are registered to compete in the provincial elections.
- Logistics preparations are moving along—IECI signed a contract for the delivery of elections materials in January. Ballots have been designed and are being printed outside Iraq.
- 650,000 new voters were added during voter registration; now the register contains 14,550,000 eligible voters.
- IECI will allow Iraqis in the Anbar and Ninewa provinces to register to vote on election day.
- Fourteen countries have agreed to Out of Country voting for resident Iraqis; estimated voting population in the 14 OCV countries is 1,208,500 to 2,059,000.
- Six countries have committed to send monitors into Iraq.



[2.0] Ensure Legitimate Elections – **Developments**

Elections Monitoring:

- Participants at the Iraq Election Monitoring Forum, held on December 19 and 20 in Ottawa and organized by Elections Canada (with the support of the United Nations and IECI), established the International Mission for Iraqi Elections (IMIE) to be based in Amman. Although it will field a small number of monitors in Iraq, IMIE will focus on the election process, rather than make judgments on electoral results.
- U.S.-supported training has begun for 5000-8000 domestic elections monitors.

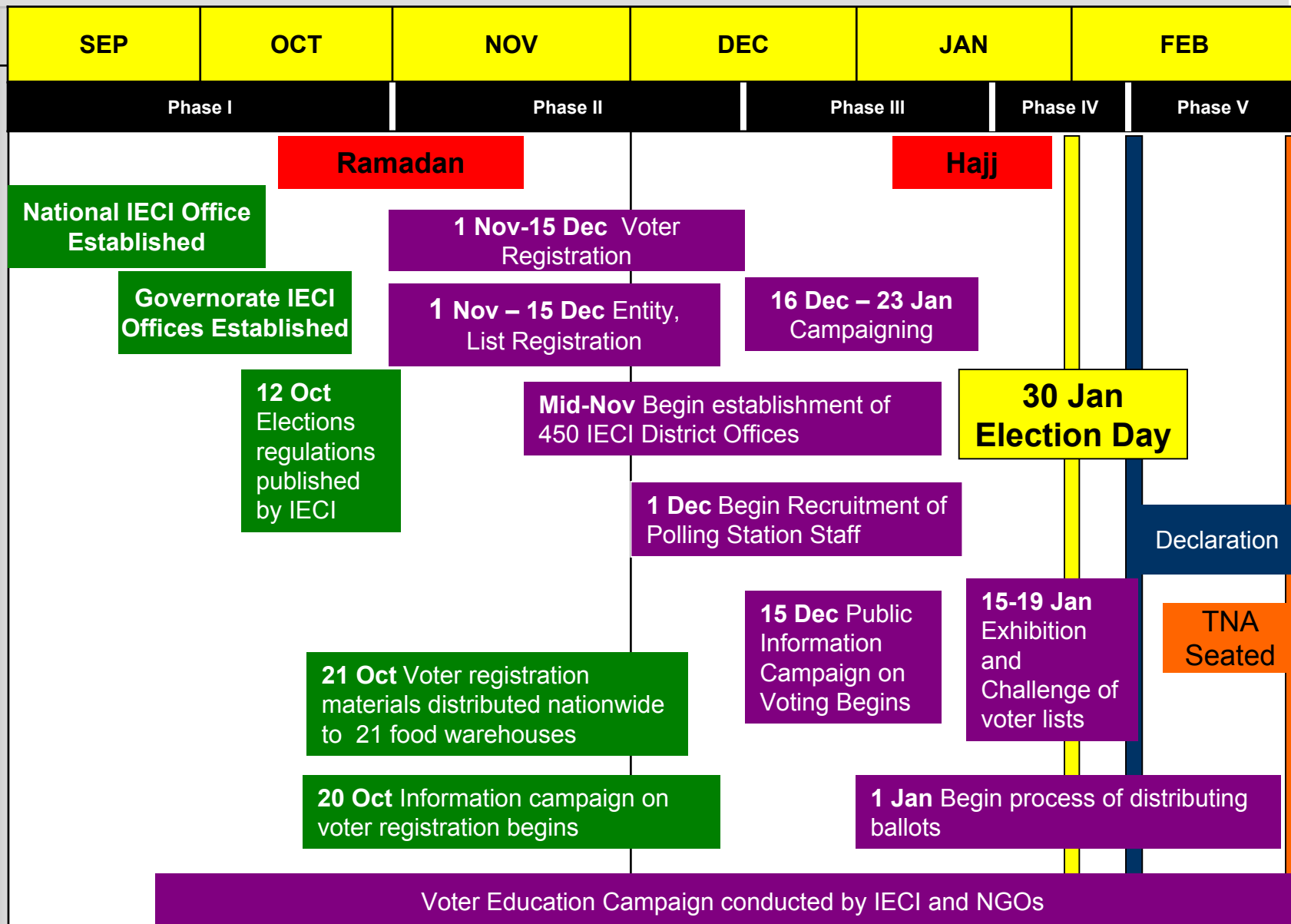
Capacity Building:

- 140 IECI senior trainers are being trained in Amman on polling day operations.
- Voter education will focus on the message to just choose one entity on the ballot (not multiple as in previous elections held in Iraq).



[2.0] Ensure Legitimate Elections – Iraq Elections Timeline

DEPARTMENT OF STATE





[3.0] Create Jobs and Provide Essential Services – **Economy**

Oil Update:

- Crude Oil prices in world markets for the week ending December 31 closed with Kirkuk Crude at \$32.84/barrel, Basra Light at \$28.68/barrel, and the OPEC basket at \$35.65/barrel.

Employment Update:

Number of Iraqis employed by USG-administered projects in each sector

Employing Organization	Iraqis last week	Iraqis this week	% Increase on week
PCO	19,334	19,748	2.1%
USAID	46,313	51,532	11.3%
AIRP	10,753	9,233	-14.1%
MILCON/OMA*	724	690	-4.7%
CERP	36,800	26,200	-28.8%
MNSTC-I	8,571	8,571	0.0%
IRRF NON-CONSTRUCTION	31,130	17,994	-42.2%
GRAND TOTAL	153,625	133,968	-12.8%



[3.0] Create Jobs and Provide Essential Services – **Economy**

Iraq Relief and Reconstruction Fund (IRRF) Reallocation:

- The Embassy has plans for using \$457 million from the IRRF in high-impact projects to address the near-term needs in the electrical sector and deliver essential services programs to the populations of key post-battle cities.
- As part of IRMO's plan for immediate improvement in the electricity sector, it will shift \$211 million from longer-range transmission projects to more immediate needs such as spare part procurements, repair and maintenance programs and turbine upgrades.
- The Embassy also proposes to deploy \$246 million to provide immediate and visible essential services (i.e. potable water, electricity distribution and health projects) to the populations of 4 cities (Fallujah, Najaf, Samarra, and Sadr City) living in post-battle environments. \$170 million of this amount is subject to a 15-day Congressional Notification (CN); the CN was forwarded on December 27, 2004



[3.0] Create Jobs and Provide Essential Services – **Water and Sanitation**

Water Irrigation Systems:

- Local Governance Program (LGP) specialists supervised the rehabilitation of three water discharge regulators in Al Qadisiyah Governorate.
- The discharge regulators will irrigate a total of 75,000 acres, benefiting more than 30,000 farmers and 5,000 families in local villages relying on the water system.

Water Treatment Plants:

- The renovation and expansion of a water treatment plant in Baghdad is 86% complete. The project will add 50 million gallons per day (MGD) to the current 120 MGD nameplate capacity at the plant.
- This project also includes complete documentation for the new equipment as well as training for plant personnel in the operation and maintenance of the expanded facility. Expected project completion is set for first quarter 2005.
- A new water treatment plant will increase the potable water supply in the Sadr City district of Baghdad, with a capacity of 3,000 m³/hour to accommodate a future expansion to 6,000 m³/hour. The plant is 8% complete and is scheduled for completion in the first quarter of 2006.
- The World Bank signed a \$20 million grant agreement this week with the IIG to bring water to rural communities by improving water supply, sanitation, irrigation and drainage systems through the Emergency Community Infrastructure Rehabilitation Project (ECIRP).



[3.0] Create Jobs and Provide Essential Services – Food Security

Public Distribution System (PDS) and MOT-Awarded Contracts:

- There was nearly a 40% shortage of rice in December's distribution. There should be sufficient rice stocks and procurements for January distribution.
- The Ministry of Trade reports that shortages of rice in December will be repaid retroactively in January. This will be dependent upon January stocks and delivery capabilities.
- Given continued deliveries of Australian wheat, coupled with stocks, domestic wheat and imported wheat flour, Iraq is expected to meet its January distribution requirement of 315,000 MT. As of December 31, approximately 195,000 MT of wheat was offloaded at Umm Qasr for the month of December. Vessels carrying over 70,000 MT of wheat are currently offloading in Umm Qasr.
- MOT III contracts for non-grains commodities have been signed and Letters of Credit are to follow shortly. MOT III commodities are expected to be distributed as early as March through May 2005.



[3.0] Create Jobs and Provide Essential Services – Health Care

Donor Relations:

- On December 28, the Japanese Cabinet approved the grant for 700 ambulances, a value of Yen 5.83 billion (US\$53 million).

Support to Primary Health Care:

- Currently, there are 71 Public Health Centers (PHC) under construction, and 17 hospitals under renovation. Work is ongoing for the Basrah Hospital (managed by USAID). Due to an average cost overrun exceeding 9% in the construction of the PHCs, the MoH will work to identify 15 PHCs to cut from the construction projects.
- The Minister of Health has agreed to a “de-scoping” plan, which would pull funds from four other projects to facilitate the full renovation of the Najaf Teaching Hospital.
- PCO will fund the full renovation of the Najaf Teaching Hospital from the money available through the cut back of four other health projects throughout Iraq. There will be a meeting with Japanese Engineers in Amman in early January 2005 to discuss contributions of equipment and the continuing potential to assist in the renovation project.



[3.0] Create Jobs and Provide Essential Services– Education

USAID's Higher Education and Development (HEAD) program:

- In partnership with the Ministry of Higher Education and Scientific Research, USAID is supporting five university partnerships with U.S.- led consortia. One of the partnerships is a cooperative effort between five Iraqi Universities and the State University of New York (SUNY/Stony Brook). The consortium is working to improve faculty training, curriculum and facilities for the study of Archaeology, Assyriology and Environmental Health.
- The project established plans for 35 participants to attend an upcoming training session for environmental health specialists in Amman, Jordan. Applications are currently being reviewed, and women are strongly encouraged to apply.
- The first shipment of environmental books to Iraq has been sent. Nearly 300 medical and scientific environmental books will be distributed to each of three universities.
- Laboratory rehabilitation work has been completed at three Iraqi universities; the facilities are now ready to be furnished and equipped.

School Rehabilitation:

- A secondary school serving 700 girls in Baghdad Governorate was rehabilitated through a \$55,330 Community Action Project (CAP). The aging facility underwent renovations, including a major overhaul of the school's plumbing, wiring, and fixtures. Twenty teachers now hold classes at the new facility.
- In Qadisiyah Governorate three school rehabilitation projects were recently approved by CAPs. The projects will benefit 900 families and 1,575 children. The estimated time to completion is 70 days.



[3.0] Create Jobs and Provide Essential Services – Telecommunications

- Total number of telephone subscribers in Iraq is now over 2,342,920 (including 1,382,805 cell phone subscribers) – 181% above pre-war levels.

Landline Telephone Subscribers

Priority	Governorate	Available Capacity	Occupied Capacity	Free capacity
1-	Baghdad	516643	432004	84639
2-	Nineva	104817	85884	18933
3-	Ta'meem	50319	38489	11830
4-	Salah aldeen	47992	32054	16938
5-	Dyala	37950	27510	10440
6-	AL-anbaar	70098	60094	10004
7-	Maissan	19065	16702	2363
8-	AL- najaf	47480	34728	12752
9-	Karbala	31091	21966	9125
10-	Thecar	31805	29102	2703
11-	AL-muthana	26000	20378	5622
12-	Al – Qadecia	38042	29698	8344
13-	Wassit	36672	25077	11595
14-	Al- Basra	78500	60568	17932
15-	Babil	57160	45861	11229
		1193634	960115	234449

Source: IRMO Office of Communications

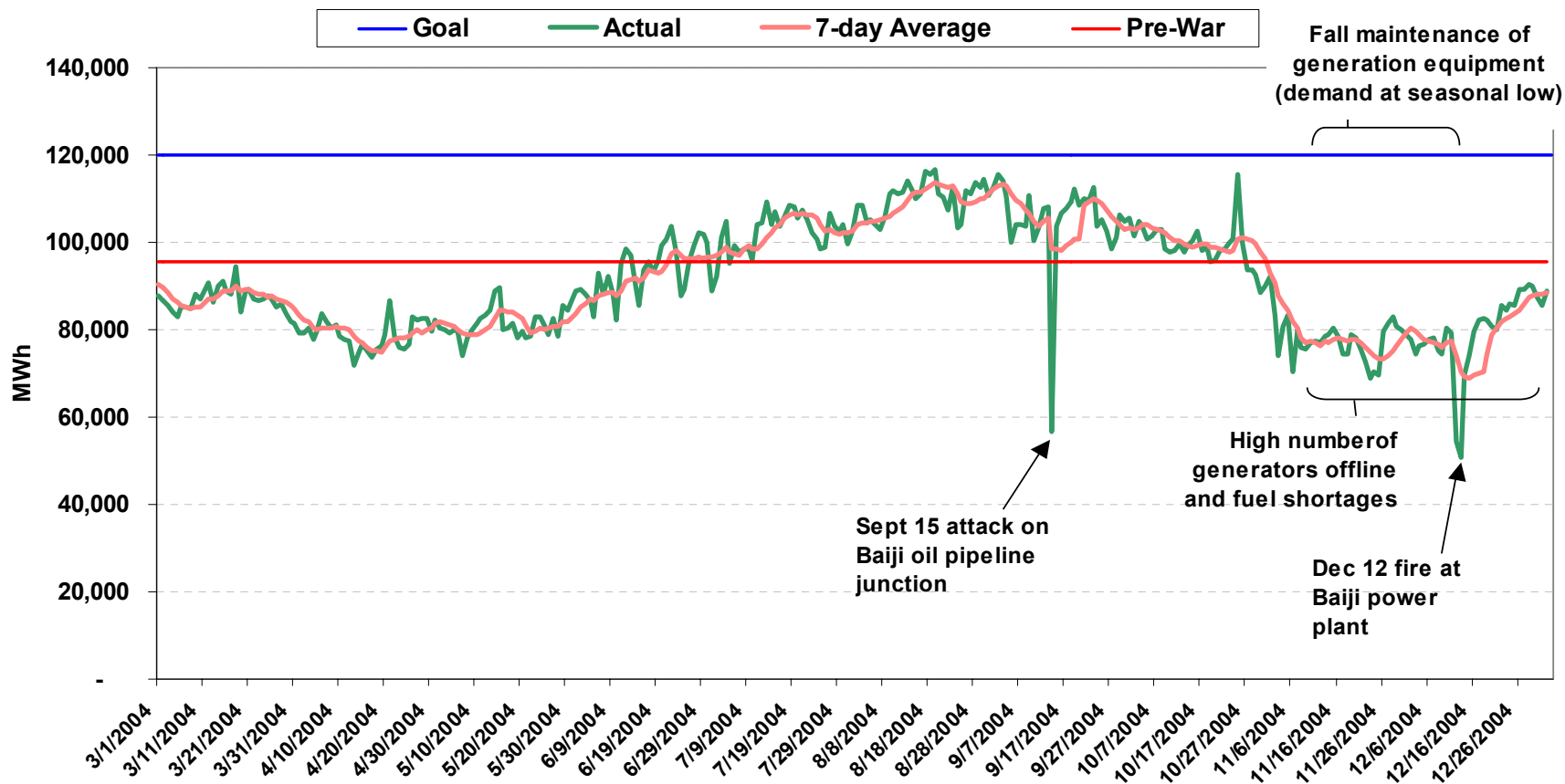
As of 31 December 2004

- As of December 16, 2004, there are 120,022 active subscribers. These statistics do not reflect the large number of unregulated users of Internet cafes.



[3.0] Create Jobs and Provide Essential Services – Electricity Overview

Megawatt-Hour (MWh) Load Served



- 7 Day Average of load served (Dec 27, 2004 – Jan 2, 2005): 87,800 MWh (up from 84,500 MWh last week).
- Although the Ministry brought online 530 MW this week from outages, there were 1433 MW in unplanned outages, 968 MW of planned outages (maintenance) and 260 MW offline due to fuel shortages at the end of the week.
- Hours of power in Baghdad ranged over the week from 8.2 to 11.0 hours.



[4.0] Establish Foundations for a Strong Economy

Iraq Moves Forward with Economic Reforms:

- The World Bank announced Iraq has cleared all overdue service payments to the International Bank for Reconstruction and Development (IBRD) as of December 16. Consequently, the country's eligibility for new operations has been reinstated.
- Iraq's arrears to IBRD amounted to around \$110 million, of which approximately \$53 million was overdue principal payments. Clearance of these arrears will raise IBRD's FY05 net income by around \$74 million. This clearance of arrears is another key step in the overall process of Iraq's program of economic recovery and reform.
- USAID's Econ Governance II project advisors are developing a new tax accounting module that will maintain tax accounts of all payers of sales tax. Advisors also completed a review of Iraq's automated reconstruction levy system, which charges a 5% tariff on imports to finance reconstruction, and delivered it to the Deputy Minister of Finance.

Central Bank of Iraq Issues New Coins:

- The Central Bank issued new coins for circulation on January 2, of 25, 50, and 100 dinars.
- The front side of the coin shows the map of Iraq with two dates Hegira, 1425 and A.D. 2004. The back side of the coin contains a circle that has the denomination of the coin within the circle (25, 50, 100 dinar) with "Central Bank of Iraq" written on top.



[4.0] Establish Foundations for a Strong Economy

Iraq Currency and Securities Exchanges:

- At the New Iraqi Dinar (NID) auction on January 4, the settlement price was 1,460 dinars per USD with a total of 17 banks trading. The following table shows the purchase value of the top five banks:

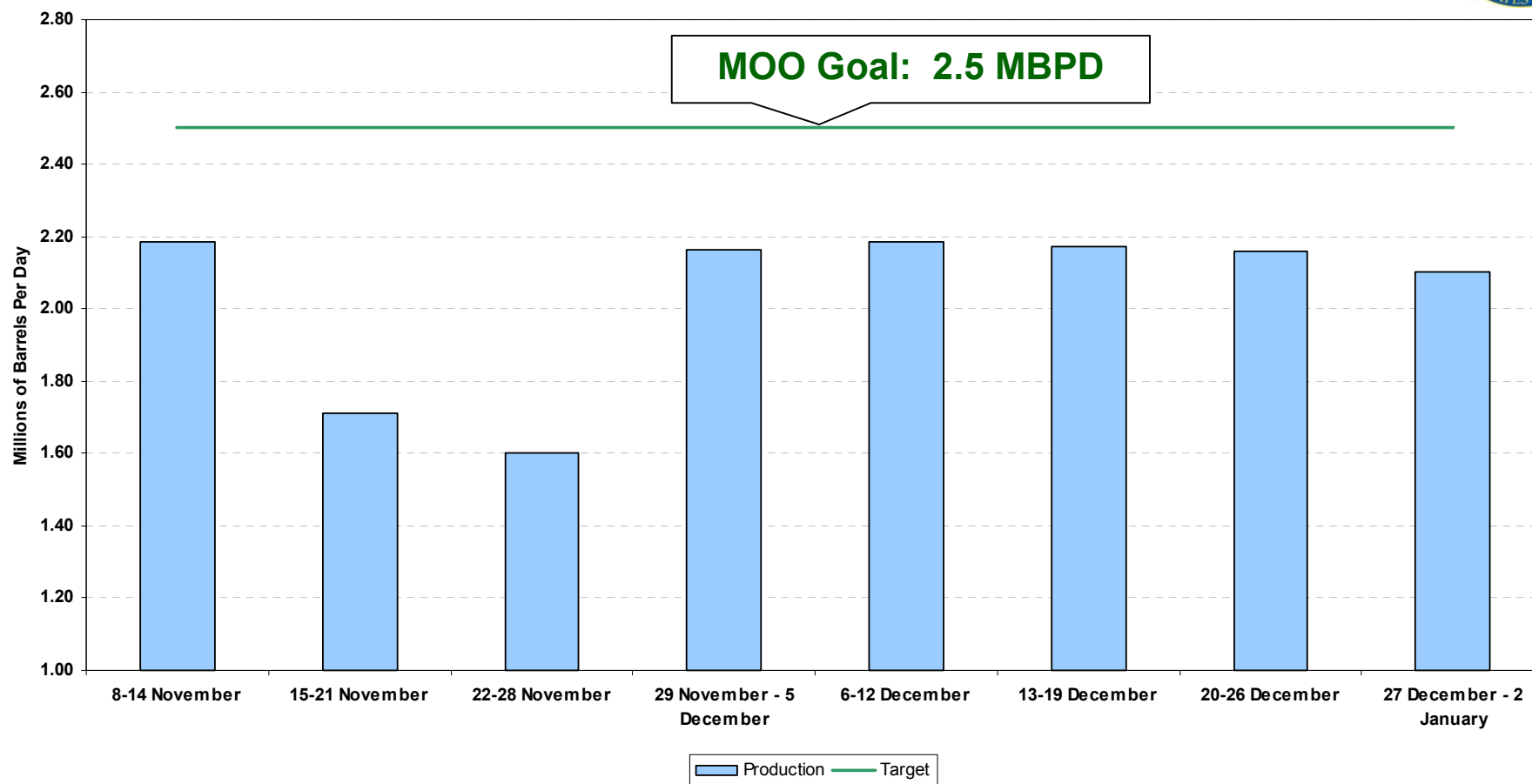
Bank Name	Quantity Sold (in thousands of dollars)	Percentage of Total Auction
Al-Warkaa Bank	6,000	25.02%
United Bank	5,000	20.85%
Iraq Bank	2,900	12.09%
Middle East Bank	2,315	9.65%
Al-Rasheed	2,050	8.55%
Total	18,265	76.17%

- The Ministry of Finance (MOF) auctioned ID 200 billion (about \$137 million) in T-Bills on December 20; the settlement yield was 6 percent with 12 banks offering winning bids. The following shows the results of the previous 6 auctions:

No. of Auction	Date of Auction	Amount of Issue	Term of Security (in days)	Maturity Date	Number of Competitive Bidders	Winning Bidders	Total valid Competitive Bids	Total Competitive Awarded	Cover Ratio %	Bid Range Yields	Cut off yield	Amount Sold
6	9/26/2004	150.000	91	12/27/2004	7	5	316.250	146.500	215.87	1.50% - 5.00%	3.20%	150.000
7	10/10/2004	150.020	91	1/10/2005	8	6	289.750	145.270	199.46	2.00% - 5.40%	3.20%	150.020
8	10/24/2004	150.030	91	1/24/2005	10	6	350.000	145.030	241.33	1.00% - 5.40%	2.50%	150.030
9	11/7/2004	150.010	91	2/7/2005	12	7	437.100	145.510	300.39	1.00% - 3.30%	1.10%	150.010
10	11/21/2004	150.010	91	2/20/2005	6	6	281.250	147.010	191.31	1.00% - 5.00%	1.20%	150.010
11	12/5/2004	124.550	91	3/7/2005	4	4	122.800	122.800	100.00	2.50% - 6.00%	6.00%	124.550
12	12/19/2004	200.030	91	3/21/2005	12	12	282.300	196.730	196.730	2.50%-10.00%	6.00%	200.030



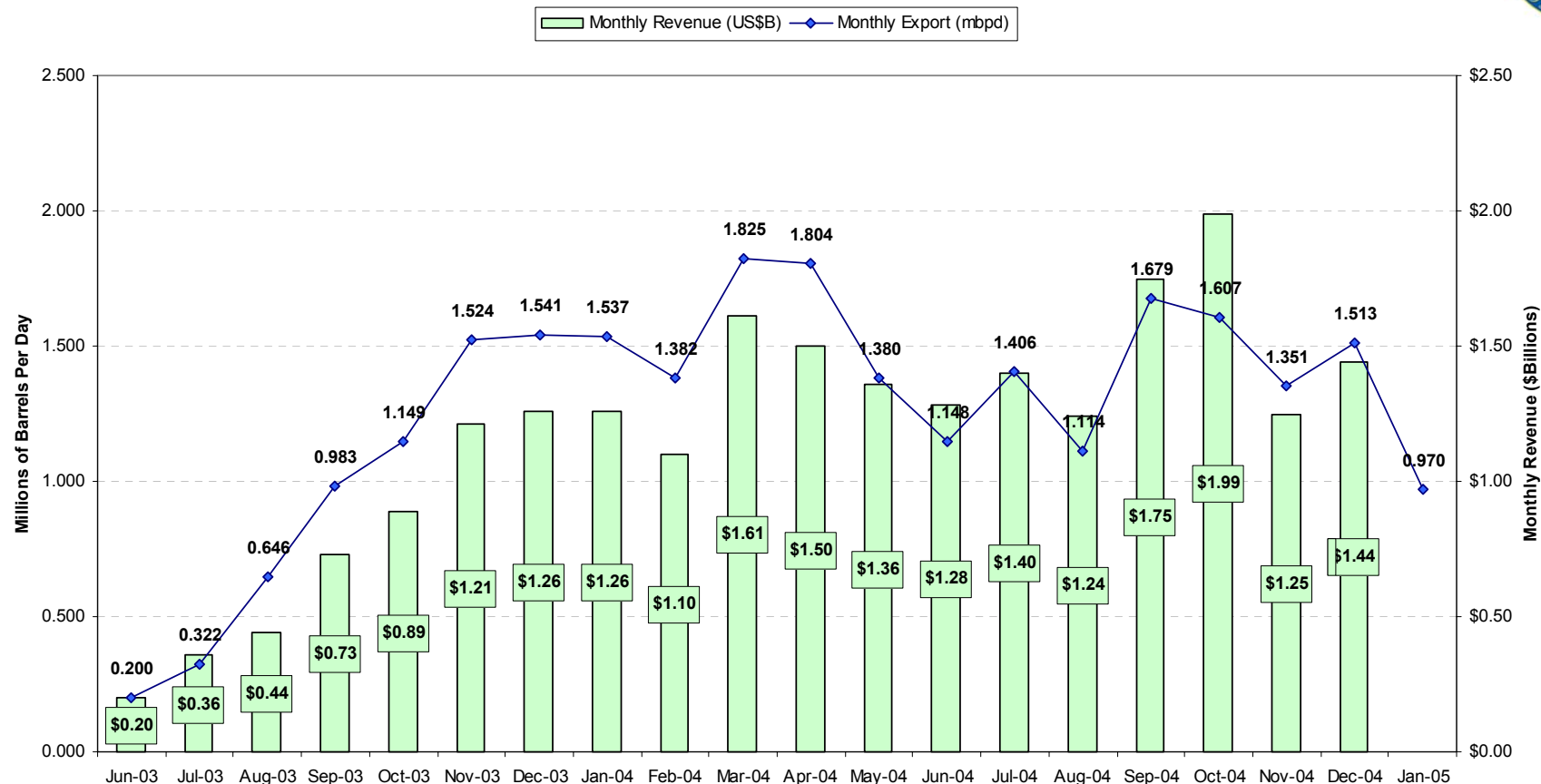
[4.0] Establish Foundations for a Strong Economy – Crude Oil Production



- Weekly Average (Dec 27 – Jan 2) of 2.10 MBPD
- Pre-War Peak: 2.5 MBPD in Mar 03
- Post-War Peak: 2.67 MBPD



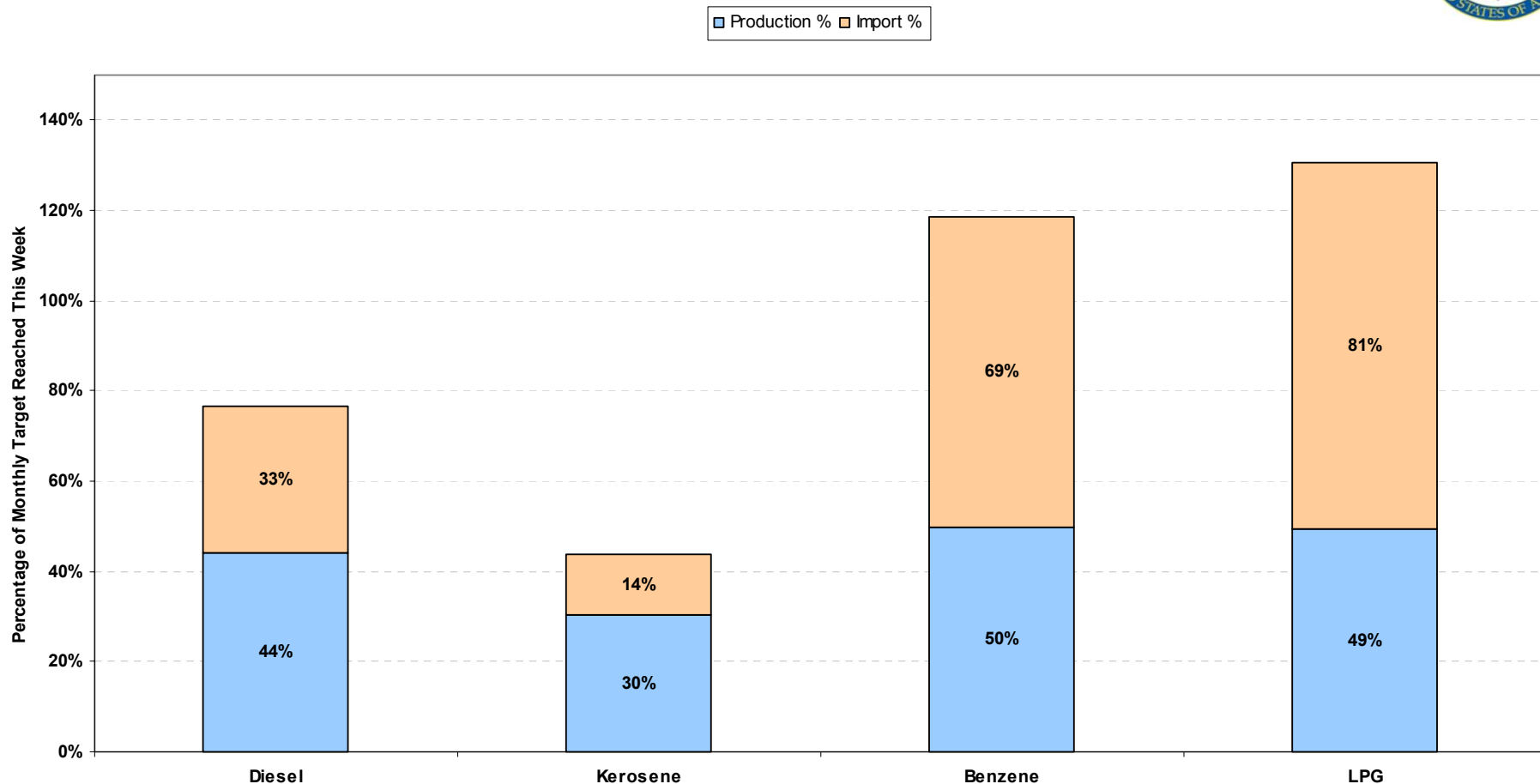
[4.0] Establish Foundations for a Strong Economy – Crude Oil Export



- **2003 Revenue:** **\$5,076.6M**
 - **2004 Revenue:**
 - **Pre-Transition:** **\$8,105.2M**
 - **Post-Transition (To Dec 31):** **\$9,033.1M**
- \$17,138.3M**



[4.0] Establish Foundations for a Strong Economy – Refined Products



Note: This chart represents the percentage of target reached for the week of 27 Dec - 2 Jan

- Diesel: 13.8 ML of 18 ML
- Kerosene: 7.9 ML of 18 ML

- Benzene: 21.3 ML of 18 ML
- LPG: 5,621 tons of 4,300 tons



[4.0] Establish Foundations for a Strong Economy – National Stock Levels



- The goal is for all refined products to be over 15 days worth of stocks at maximum consumption rates and does not represent seasonal change. The numbers given above are monthly averages.
- Sabotage of feeder lines to refineries is lowering production and impacting national stock levels.

[4.0] Establish Foundations for a Strong Economy – IRRF I & II

Financials



Sector	2207 Report	Apportionment	Committed		Obligated		Disbursed	
			Last Week	Current	Last Week	Current	Last Week	Current
Security and Law Enforcement	5045	5045	4382	4356	3129	3232	1002	1182
Electricity Sector	4350	3627	3497	3328	2803	2703	572	581
Oil Infrastructure	1701	1701	1432	1266	961	920	95	97
Justice, Public Safety, and Civil Society	1121	1120	890	865	584	591	110	115
-Democracy	832	832	695	696	581	581	179	190
Education, Refugees, Human Rights, Governance	379	379	175	179	171	171	41	43
Roads, Bridges, and Construction	359	355	296	295	182	187	29	33
Health Care	786	786	780	750	494	417	16	16
Transportation and Communications	499	512	482	475	316	322	24	24
Water Resources and Sanitation	2311	1373	1349	1308	894	891	40	42
Private Sector Development	843	843	402	403	326	327	69	69
Admin Expense (USAID, State)	213	29	29	29	29	29	29	29
IRRF II SUBTOTAL	18439	16602	14409	13950	10470	10371	2206	2421
CONSTRUCTION	11306	9440	8758	8444	6312	6360	1142	1239
NON-CONSTRUCTION	6301	6330	4956	4810	3577	3430	885	992
DEMOCRACY	832	832	695	696	581	581	179	190
IRRF I SUBTOTAL	2475	2475	2418	2475	2418	2475	1768	1907
GRAND TOTAL IRRF I & II	20914	19077	16827	16425	12888	12846	3974	4328



[5.0] Establish Good Governance, Rule of Law – Refugees, Democracy and Human Rights

Scheduled Return of Internally Displaced Persons (IDPs) to Fallujah:

- Approximately 200 residents returned to the commercial district of Fallujah. To date, the IIG has authorized return of approximately 2,000 IDPs. Re-entry of civilians from other districts is scheduled to occur in several stages over the next few weeks.
- Each returning family will receive a heater, fuel rations and an immediate payment of 150,000 Iraqi Dinars (US\$150) provided by the Iraqi Government. In addition, the government plans compensation for each destroyed or damaged house.

Completed Water Projects:

- USAID's Office of Foreign Disaster Assistance (OFDA) has completed seven shallow wells and installed water pumps in schools in one region of Diyala Governorate. A deep water well and water tank have been installed in another village. Following completion of the water system, 350 residents and some 700 students will have access to clean water.

Local Governance Program (LGP):

- Salah Ad Din's LGP staff held three democracy education conferences for 225 Iraqis. These conferences focus on human rights and the relationship between Islam and democracy.



[6.0] Maintain Int'l Engagement & Support – **Developments**

- According to Japanese press reports, Japan is preparing to provide Iraq with yen loans, after the Paris Club agreement to write off 80% of Iraq's debt. Loans totaling as much as \$3.5 billion will be used for heavy infrastructure projects under Japan's official development assistance program.
- Neighbors Conference in Jordan underway; topics to include support for elections, as well as election timing and participation.
- 140 IECI senior trainers are being trained in Amman on polling day operations.
- International Mission for Iraqi Elections (IMIE), to be based in Amman, was created to focus on the election process, rather than make judgments on electoral results.
- 14 countries have agreed to Out of Country Voting for the Iraqi elections.



[6.0] Maintain Int'l Engagement & Support – **Stability Contributors**

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Countries with forces in Iraq (in addition to US)

Albania	Estonia	Latvia	Poland
Australia	Georgia	Lithuania	Portugal
Azerbaijan	Hungary	Macedonia	Romania
Bulgaria	Italy	Moldova	Slovakia
Czech Rep	Japan	Mongolia	Tonga
Denmark	Kazakhstan	Netherlands	Ukraine
El Salvador	Korea	Norway	UK

TOTAL ~ 25,000 Forces

28 Countries and NATO
 (including US)
Support Iraqi Stability Operations



Iraq Weekly Status – General Information

- This brief draws from multiple sources. References are cited on the respective pages in the “Notes Page” section (View → Notes Page).
- Please forward all questions and/or comments to (unclassified) NEA-I-IPOG-DL@state.gov or (classified) NEA-I-IPOG-DL@state.sgov.gov